



New Century Credit Union  
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April 1, 2009

The Honorable Michael E. Fryzel  
Chairman, National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

The Honorable Rodney E. Hood  
Vice Chairman, National Credit Union Administration

The Honorable Gigi Hyland  
Board Member, National Credit Union Administration

**Re: Comments on Advance Notice of Proposed Rulemaking for Part 704**

Dear Chairman Fryzel, Vice Chairman Hood, and Board Member Hyland:

The Board and Management staff of New Century Credit Union (NCCU) appreciate the opportunity to provide comment on NCUA's Advanced Notice of Proposed Rulemaking (ANPR) and Request for Comment regarding the role of the Corporate Credit Union Network and its structure.

NCCU has \$20 million in assets and was chartered in 1951 to serve telephone company employees. Our home office is located in Topeka, Kansas, and we have one full service branch office in Kansas City. We currently serve 4,723 members and that number is growing. Our net worth ratio as of January, 2009, was 12.52% and our loan to share ratio was 91.67%. As a result of our \$2 million participation in the Credit Union System Investment Program (CU SIP) our net worth reduced to 10.96% in February.

We are very proud to be associated with our Kansas Corporate Credit Union (KCCU) and have been a member since they were incorporated in 1951. They have consistently been at the forefront for providing services to Kansas credit unions.

Corporate credit unions provide essential services to natural person credit unions. This is especially true for small to mid-size credit unions, which describes NCCU and the majority of credit unions located in Kansas. Corporates offer affordable products and services, which allow us to exist, and in turn, provide services to our members.

New Century Credit Union utilizes many of the services Kansas Corporate offers: clearing and settlement services such as ACH, VISA, member deposits and check clearing, credit union business checks, etc.; domestic and international wire transfers; security safekeeping; investments (our board approved investment policy allows investments ONLY through KCCU); line of credit for overnight and term borrowings; and quarterly analysis regarding ALM services, including 2-year NII simulation, rate shocks, etc. In the past, KCCU staff has also facilitated a number of our planning sessions, the most recent held February 26, 2009. Although these services are available from other vendors, the expense would be greater and we'd have far less trust in those vendors than we do with our corporate credit union staff.

We are aware that alternatives exist for many of the services we currently receive from our corporate, but using another vendor would place a financial strain on our credit union by incurring higher fees or additional staff expense. In addition, we want to work with people we've built a long term relationship with and people we know we can trust. Being forced to use a vendor or a competitor that does not share our common interests and objectives goes against the philosophy and cooperative spirit that credit unions embody. We have always banded together for the common good of all, and our Corporate has been beside us all the way. *We consider Kansas Corporate Credit Union a major strategic business partner.*

Perhaps there are some problems with the corporate system, but most segments of our economy are experiencing problems today. We cannot predict the future and we know of few who predicted the problems that currently impact the flow of credit and liquidity in today's markets. We must be careful when taking action in the short-term that may cause more harm in the long-term. *A complete dismantling of the corporate system would be devastating to our credit union.*

Corporate credit union investment powers should be greater than ours to allow them to continue to add value over what we can earn on our own. We do believe that proper infrastructure and expertise must be in place to support access to additional expanded authorities, as it appears that many corporates with access to expanded authorities are the ones who have taken more risk. We also think that corporate credit unions that want to assume more risk in their investment strategies should be held to greater regulatory scrutiny and be required to maintain higher levels of capital. Therefore, we support the implementation of a risk-based capital system for corporates.

There is a continuing need for a wholesale corporate credit union as it plays a critical role as the central point for payment settlement with all retail corporates, who in turn have relationships with nearly all of the 8,400 natural person credit unions. If U.S. Central did not exist, another vendor or tier would have to step in and replace the services provided to the retail corporates. Therefore, an additional tier will always exist, but it may be replaced by multiple vendors and the connection that currently exists between all credit

unions will disappear along with the many efficiencies that have been created over the years.

We do not want to see changes implemented that would consolidate our corporate, which has been in existence for almost 60 years, with much of the same management for over 20 years. We urge you to view each corporate as an individual institution with its own business plan, that has its own risk tolerance and is answerable to its membership.

As a critical strategic business partner, we need our corporate to provide the services they do today, as well as being a catalyst for the development of future services that our credit union may need. Our corporate has been here for a long time—relationships and trust have been built and developed during that time, which is not easily replaced. Our main concern is that Kansas Corporate Credit Union and the capital it has built over the years will be consolidated. *We do not want to see that happen.* There is no evidence, in the form of better rates or lower fees, that economies of scale benefiting credit unions has been achieved through past corporate consolidations.

In July, 2008, we severed our ties with a megabank here in Topeka, Kansas for deposit and checking services, which are now being handled through Kansas Corporate. We've saved significant expense by making this change and do not want to become reliant upon our banking counterparts for services that our corporate credit union can provide.

Thank you for the opportunity to provide our comments regarding the corporate network as it affects this credit union every single day.

Sincerely,

STEPHANIE STUART  
President/CEO

cc: NCCU Membership  
NCCU Board of Directors  
Larry Eisenhower, President/CEO, Kansas Corporate Credit Union